



CLERK, U.S. BANKRUPTCY COURT
NORTHERN DISTRICT OF TEXAS

ENTERED

THE DATE OF ENTRY IS ON
THE COURT'S DOCKET

The following constitutes the ruling of the court and has the force and effect therein described.

Signed March 16, 2020


United States Bankruptcy Judge

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

In re:

Mansfield Boat and RV Storage, LLC,

Debtor.

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Case No. 18-33926-hdh7

NOTICE OF ISSUANCE OF BENCH WARRANT

On December 17, 2019, this Court entered its *Order (I) Finding Larry Reynolds Remains in Civil Contempt of Court and (II) Ordering Larry Reynolds to Appear and Show Cause as to why he Should not be Subject to Further Sanctions for Civil Contempt* [Docket No. 216] (the “Sixth Civil Contempt Order”). The Sixth Civil Contempt Order details (i) the history of misdeeds committed by Larry Reynolds (“Mr. Reynolds”) for which he has been held in civil contempt in this case, including his failure to remit over \$140,000 in stolen funds to the bankruptcy estate; and (ii) Mr. Reynolds’s testimony regarding his plans to repay those amounts.

On January 29, 2020, this Court held a hearing on the Sixth Civil Contempt Order, during which Mr. Reynolds provided further testimony as to his anticipated sources of repayment. Based

on Mr. Reynolds's testimony at that hearing, the Court set another hearing for March 5, 2020 (the "Show Cause Hearing").

Prior to the Show Cause Hearing, on February 28, 2020, Pender Capital Asset Based Lending Fund, I, LP ("Pender Capital") filed *Pender Capital Asset Based Lending Fund, I, LP's Statement in Support of Additional Sanctions Against Larry Reynolds* [Docket No. 234] (the "Notice"). In the Notice, Pender Capital alerted the Court that, in addition to Mr. Reynolds's failure to repay the stolen funds, Mr. Reynolds undertook certain actions that directly violated one of this Court's prior civil contempt orders.¹ Specifically, on October 2, 2019, Mr. Reynolds executed and filed a quitclaim deed purporting to transfer certain of the Debtor's real property (the "Property")² from the Debtor—with Mr. Reynolds signing on behalf of the Debtor—to himself. In addition, Pender Capital further alleged that Mr. Reynolds executed three more deeds on behalf of the Debtor in December 2019, purportedly transferring the same or similar Property to himself.

Mr. Reynolds did not appear at the Show Cause Hearing but the Court proceeded with the hearing in his absence.³ Following the arguments and evidence presented by Pender Capital and the Chapter 7 Trustee, the Court finds that Mr. Reynolds knowingly executed the above-described postpetition transfers in direct violation of the Third Civil Contempt Order. In its Third Civil Contempt Order, this Court ordered that "Mr. Reynolds has no authority to act or speak for the Debtor and shall not act or speak for the Debtor or hold himself out as a representative or agent of the Debtor."

¹ *Order Regarding Motion for Order Finding Larry Reynolds in Civil Contempt of Court* [Docket No. 130] (the "Third Civil Contempt Order").

² The Property is located at 305 Smith Street, Mansfield, Texas 76063.

³ Mr. Reynolds filed a *Motion for Continuance* [Docket No. 236] on March 4, 2020—the day immediately before the Show Cause Hearing. Pender Capital objected. *See* Docket No. 237. The Court denied Mr. Reynolds's Motion for Continuance but gave him the option to file evidence relevant to the allegations against him by March 13, 2020 and set a hearing for March 16, 2020 ordering Mr. Reynolds to appear before the Court on that date. *See* Docket Nos. 238, 239.

It has become clear to this Court that Mr. Reynolds's actions are directly interfering with the duties of the Chapter 7 Trustee and are harming the bankruptcy estate. Mr. Reynold's testimony lacks credibility with this Court. And the Court does not believe that Mr. Reynolds will refrain from interfering with the actions of the Chapter 7 Trustee in managing the Debtor's bankruptcy estate. Given Mr. Reynolds's continuing refusal to comply with the Court's civil contempt orders, the Court issues this bench warrant to coerce Mr. Reynolds's compliance with its orders—specifically, the Third Civil Contempt Order's mandate that Mr. Reynolds does not hold himself out as a representative or agent of the Debtor—and to give the Chapter 7 Trustee time to address the unauthorized deeds without Mr. Reynolds's interference.

IT IS THEREFORE ORDERED that a bench warrant be issued for Larry Reynolds. The United States Marshal shall arrest Larry Reynolds and he shall be remanded into the custody of the United States Marshal and taken to the detainment facility located nearest to the Dallas Division of the United States Bankruptcy Court for the Northern District of Texas and remain in custody there until he is discharged by this Court.

IT IS FURTHER ORDERED that the Court will hold a hearing approximately 21 days after Mr. Reynolds is detained at 1100 Commerce Street, 14th Floor, Courtroom #3, Dallas, Texas, 75242 to determine if Mr. Reynolds will no longer interfere with the duties of the Chapter 7 Trustee in this case pursuant to the Third Civil Contempt Order.

###END OF ORDER###